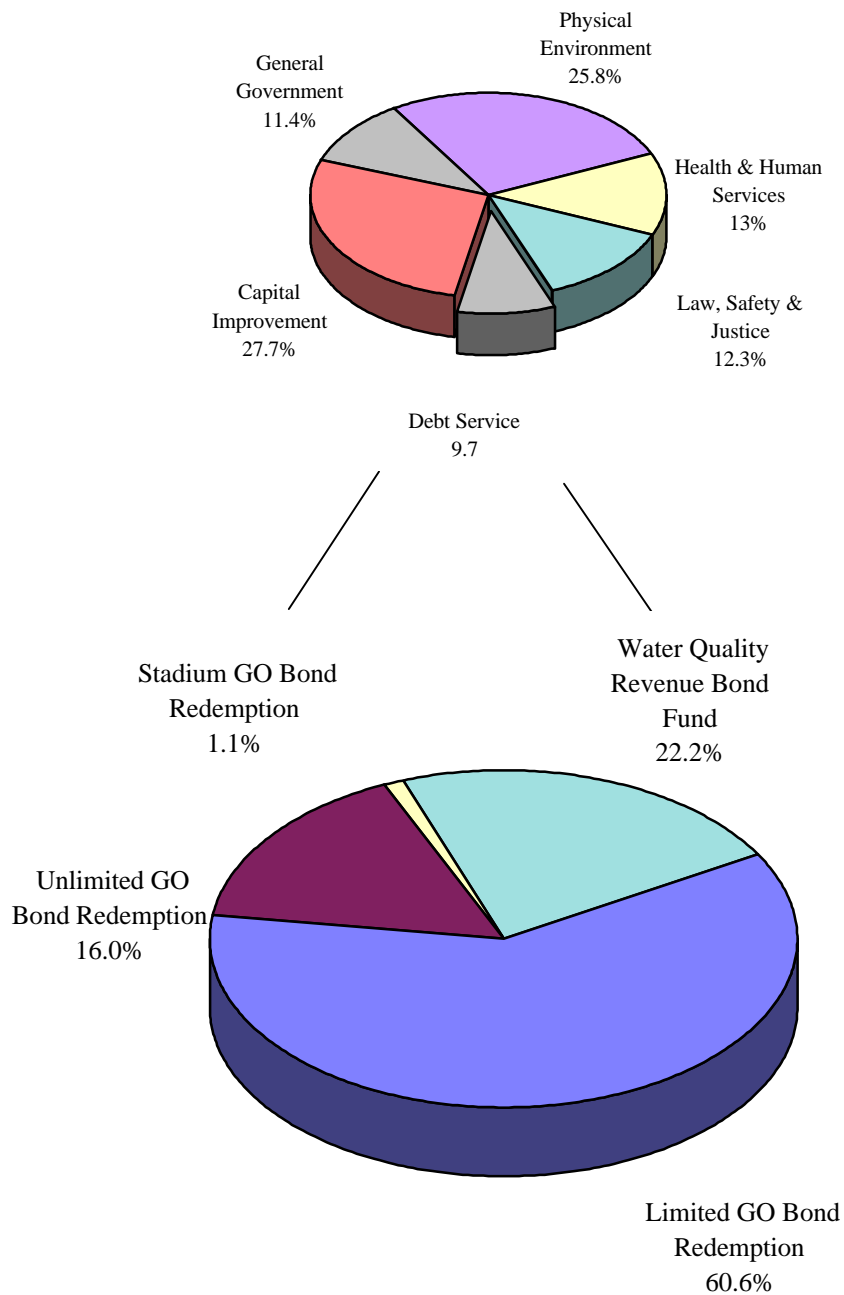


Debt Service \$234 Million



DEBT SERVICE PROGRAM PLAN

Issues and Priorities

Debt service expenditures, the result of King County's bonded indebtedness, include payments of mature bonds interest and bond reserve requirements. Under the most favorable circumstances, a government's debt would be proportionate to the size and growth of its tax base, would not require repayment schedules that put excessive burden on operating expenditures, and would not be so high as to jeopardize its credit rating. In terms of its legal debt margin, King County's outstanding general obligation debt falls well below half of the debt limit calculated as a percent of total assessed value. See the County's CAFR (Comprehensive Annual Financial Statement) for details.

Regional capital needs are straining the financial resources of the County's local governments. This condition is being addressed by government oversight organizations and the County.

The idea of a regional capital financing oversight body has been taken up by The Greater Seattle Chamber of Commerce (The Chamber), the League of Women Voters, and the Municipal League. A Capital Finance Review Board (Board) has been organized and has begun work reviewing ballot measures proposed for each election and informing voters on capital projects. Information that the Board provides includes whether capital projects meet local and regional policy goals, are based on community needs, project their costs and tax impacts realistically within the context of current and anticipated debt, and are developed through open discussion between citizens and their representatives.

The Growth Management Act and the County's Comprehensive Plan are providing ways for the County to determine its critical capital needs and any funding gaps to critical capital infrastructure. If the County is not providing critical capital infrastructure such as roads to growing areas, then growth cannot take place under the Growth Management Act unless service standards are altered. These requirements have facilitated a lively debate about how capital infrastructure is financed and will lead to some long-term solutions to local government capital financing.

This process requires that King County take into consideration the capital needs of other governments in King County in an effort to determine how to develop a regional approach to prioritizing and financing major public capital projects such as transportation, housing, health facilities, parks and open space, and corrections facilities. The facilities component to the County Comprehensive Plan will ultimately address not only capital needs, but also financing options available to address those needs. The facility plan will give the County a basis upon which to plan for future debt issuance.

Near Term Plans for Issuing Limited General Obligation Bonds

1998

As the Executive presents the proposed 1999 budget, the County is preparing to sell the 1998 issue of limited general obligation bonds which was adopted as part of the 1998 budget. Debt service on the bond issue will be paid from the County's Current Expense Fund. Following is a list of projects with brief descriptions.

DEBT SERVICE PROGRAM PLAN

1998 Bond Financed CIP	
Black River Building Acquisition	8,500,000
Technology Bond	3,250,000
Underground Storage Tanks	2,700,000
Cedar Hills Infrastructure Upgrade	1,676,000
Shooting Sports Park	1,375,500
Seismic Structural	1,344,719
Energy Conservation	1,196,344
Medical Examiner's Office	435,553
Yesler Bldg Exterior Facades	355,250
Total	20,833,366

Black River Building Acquisition: Purchase building for County office space. The Department of Development and Environmental Services and the King County Assessor's office are the tenants. The debt service will be paid by these agencies in lieu of rent.

Technology Bond: An additional \$3.25 million will be bonded in 1998 for the continuation of a set of technology projects selected by the Information Resource Committee (IRC). The debt service will be an obligation of the Current Expense Fund.

Underground Fuel Storage Tanks: Environmental regulations require that the County remove, upgrade, or fill tanks used to store gasoline, diesel or waste oil. This amount will fund the removal and replacement costs for CX agency tanks.

Cedar Hills Infrastructure Upgrade: The Cedar Hills facility is in need of improvements to fire alarms, fuel tank and piping integrity, heating system backup equipment, mechanical room ventilation, etc. This project will also fund enhancements to infrastructure linkage between buildings.

Police Shooting Range: \$1.3 million is proposed to complete the shooting range in the Ravensdale area.

Structural Seismic Retrofit of Selected County Facilities: The 1998 budget includes funding necessary to continue the implementation of the structural retrofits according priorities identified in the 1994-95 seismic evaluation of 37 County facilities. The construction phase will be completed at the KCCF, Precinct #4, the Administration Building and the DYS facility. Design work will be completed for the health clinics in Renton, White Center and Auburn.

Energy Conservation Program: The Executive proposes to continue the County commitment to the energy conservation initiative which began in 1997. This project funds modifications to various County facilities in order to save energy. This program will result in reduced energy expenses and utility company grants and/or rebates.

Medical Examiner's Office: This project will convert a vacated laboratory into useable office space for the Medical Office staff. Additional storage space will be provided and the computer equipment room will have enhanced ventilation and hardware security.

Yesler Bldg Exterior Facades: This project will restore exterior facades while providing enhanced seismic strength.

DEBT SERVICE PROGRAM PLAN

1999

The 1999 Executive's Proposed Budget anticipates the issuance in 1999 of limited general obligation bonds and revenue bonds to finance a variety of projects. Debt service on the bond issue will be paid from the various County funds, as indicated below. The projects include:

Miscellaneous capital improvements: \$3.6 million of limited general obligation bonds will finance the repair and rehabilitation of various County buildings. Debt service will be paid by the Current Expense Fund and the Department of Construction and Facilities Management Internal Service Fund.

Technology Bond: An additional \$2.0 million will be financed in 1999 for the continuation of a set of technology projects selected by the Information Resource Committee (IRC). The debt service will be an obligation of the Current Expense Fund.

I-Net project: An additional \$6.8 million will be financed in 1999 to expand fiber optic connectivity to public buildings, schools, libraries and other institutions. The debt service will be paid by the revenues to the I-Net capital fund.

King Street Center: Approximately \$2 million, split between the Roads Services Division and the Water and Land Resources Division, will finance major equipment and furnishings in the King Street Center Building. These divisions are moving to the new office space in late 1999.

Wastewater Capital: The Wastewater Capital Fund will be issuing approximately \$75 million in revenue bonds in 1999, backed by their fees for service. Financed projects include facility improvements to the West Point and Renton plants, as well as improvements to transmission facilities.

Council Changes

There were no Council changes to the Executive Proposed Budget.

Program Area	1997 Adopted		1998 Adopted		1999 Adopted
Limited GO Bond Redemption	\$	76,928,759	\$	118,227,501	\$ 141,895,333
Unlimited GO Bond Redemption	\$	42,603,945	\$	38,040,954	\$ 37,540,951
Stadium GO Bond Redemption	\$	2,542,030	\$	2,537,761	\$ 2,544,690
Water Quality Revenue Bond Fund	\$	69,059,863	\$	53,933,000	\$ 51,982,000
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TOTAL	\$	191,134,597	\$	212,739,216	\$ 233,962,974

DEBT SERVICE PROGRAM PLAN
